

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2008**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

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**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**OFFICIALS**

Name -----	Title -----	Term Expires -----
<b>(Before January 2008 Election)</b>		
Virgil Murray	Mayor	January 2008
Roger Michels	Council Member	January 2010
Willard Meyer	Council Member	January 2010
Michael Dempewolf (On military leave)	Council Member	January 2008
Tim Roth	Council Member	Filling in for Dempewolf
Gary Feuerbach	Council Member	January 2010
Lucy Zeimet	Council Member	January 2008
Loras Herrig	Administrator	July 2008
Janet Callaghan	City Clerk	July 2008
Mark Lawson	Attorney	July 2008
<b>(After January 2008 Election)</b>		
Virgil Murray	Mayor	January 2012
Willard Meyer	Council Member	January 2010
Michael Dempewolf	Council Member	January 2012
Brian Bormann	Council Member	January 2012
Gary Feuerbach	Council Member	January 2010
Roger Michels	Council Member	January 2010
Loras Herrig	Administrator	July 2009
Janet Callaghan	City Clerk	July 2009
Mark Lawson	Attorney	July 2009

# **O'CONNOR, BROOKS & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

G.L. HARDIN, CPA  
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E.A. SCHILLING, CPA

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bellevue's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bellevue as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

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In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2009, on our consideration of the City of Bellevue's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellevue's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.

*O'Connor, Brooks & Co., P.C.*

Dubuque, Iowa  
May 26, 2009

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Bellevue provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2008 FINANCIAL HIGHLIGHTS**

- Receipts included \$644,719 in property tax, \$293,229 in TIF, \$169,377 in local option tax, \$201,331 in road use tax, and \$68,849 in interest.
- Disbursements decreased 22.6% in fiscal 2008 from fiscal 2007, a total of \$1,733,405. Disbursements in governmental activities decreased 35.3%, a total of \$1,250,886, while proprietary expenditures decreased \$482,519 or 11.7%.
- The City's total cash basis net assets decreased \$92,298 or 5.9% from June 30, 2007 to June 30, 2008. Of this amount, the assets of the governmental activities decreased \$430,382 and the assets of the business type activities increased \$338,084.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and proprietary funds.

## **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service, and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include water, sewer, electric, garbage, ambulance service, and cable television. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund; 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains ten Enterprise Funds to provide separate information for the water, sewer, electric, garbage, ambulance, cable television, and customer deposits funds.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from \$414,252 to \$(16,130). The analysis that follows focuses on the changes in cash balances for governmental activities.

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### Changes in Cash Basis Net Assets of Governmental Activities

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	Year ended June 30,	
	2008	2007
Receipts and transfers:		
Program Receipts:		
Charges for services	55,558	57,267
Operating grants, contributions and restricted interest	269,975	240,159
Capital grants, contributions and restricted interest	111,482	44,195
General Receipts:		
Property tax	644,719	642,154
Tax increment financing	293,229	51,096
Local option sales tax	169,377	168,422
Unrestricted investment earnings	17,715	40,575
Note proceeds	---	1,929,580
Other general receipts	55,866	32,864
Transfers, net	241,095	73,777
	-----	-----
Total receipts and transfers	1,859,016	3,280,089
	-----	-----
Disbursements:		
Public safety	406,646	401,721
Public works	419,147	2,058,014
Culture and recreation	240,738	274,190
Community and economic development	7,053	6,987
General government	327,948	358,703
Debt service	456,016	440,669
Capital projects	431,850	---
	-----	-----
Total disbursements	2,289,398	3,540,284
	-----	-----
Increase (decrease) in cash basis net assets	(430,382)	(260,195)
Cash basis net assets beginning of year	414,252	674,447
	-----	-----
Cash basis net assets end of year	(16,130)	414,252
	=====	=====



Total receipts for the City's governmental activities decreased by 43.3%, or \$1,421,073. The total cost of all programs and services decreased 35.3%, or \$1,250,886. The decrease in receipts was caused by a major decrease in loans. In 2007, the city borrowed a large amount for our telecommunication project. In 2008, no additional loans for the project were needed.

The decrease in expenditures was caused by a dramatic decrease in projects in the public works area. The city had finished some major road projects in 2007 and 2008 represented a more normal year for road repair.

The cost of all governmental activities this year was \$2,289,398 compared to \$3,540,284 last year.

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### Changes in Cash Basis Net Assets of Business Type Activities

---

	Year Ended June 30,	
	2008	2007
Receipts:		
Program receipts:		
Charge for services:		
Water	284,616	291,648
Electric	1,723,474	1,613,812
Sewer rental	385,935	398,995
Sanitation	264,653	259,818
Ambulance	118,783	92,923
Cable TV	517,806	439,262
Operating grants, contributions and restricted interest	7,200	7,200
Capital grants, contributions and restricted interest	41,100	24,168
General receipts:		
Unrestricted interest on investments	51,134	52,586
Miscellaneous	94,335	145,352
Proceeds of debt	740,000	1,100,000
	-----	-----
Total receipts	4,229,036	4,425,764
	-----	-----
Disbursements and transfers:		
Water	240,204	227,936
Electric	1,445,159	1,604,273
Sewer rental	382,785	344,807
Sanitation	238,750	235,216
Ambulance	64,089	70,419
Cable TV	1,266,503	1,641,555
Customer's deposits	12,367	8,170
Transfers, net	241,095	73,777
	-----	-----
Total disbursements and transfers	3,890,952	4,206,153
	-----	-----

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**Changes in Cash Basis Net Assets of Business Type Activities (Continued)**

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Increase (decrease) in cash basis net assets	338,084	219,611
Cash basis net assets beginning of year	1,147,449	927,838
	-----	-----
Cash basis net assets end of year	1,485,533	1,147,449
	=====	=====

Total business type activities receipts for the fiscal year were \$4,229,036 compared to \$4,425,764 last year.

Total disbursements and transfers for the fiscal year were \$3,890,952 compared to \$4,206,153 last year.

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bellevue completed the year, its governmental funds reported a combined fund balance of \$(16,130), a decrease of \$430,382 from last year's total. The following are the major reasons for the changes in fund balances of the major funds from the previous year.

- The General Fund cash balance decreased from \$206,190 to \$166,816. Reserves were used up to match grants for projects.
- The TIF District Fund cash balance decreased from \$21,467 to \$536. The TIF District Fund is supposed to be zeroed out every year. In 2007 it was not all paid out.
- The Fire Department Gift Fund cash balance increased from \$62,220 to \$108,412. The annual fundraiser exceeded expected goals.
- The Park Improvement Fund cash balance decreased from \$16,945 to \$(349,761). The City is waiting to receive loans and grants to cover the costs in this fund.

**INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS**

- The Water Fund cash balance increased from \$291,587 to \$324,911. We anticipate this will continue to increase as we prepare to make major repairs in the future.
- The Electric Fund cash balance increased from \$406,825 to \$576,744. This reserve is still lower than desired. The industry normally recommends that you have six months of operating expenses in reserve and at this time we have approximately four months.
- The Electric-Capital Equipment Fund cash balance increased from \$118,133 to \$145,809. This fund is also lower than desired with a targeted reserve of \$500,000. Future rate increases will be necessary to offset increased operating costs.

- The Sewer Fund cash balance decreased from \$134,806 to \$123,845. This fund will be analyzed to determine future cash flow needs. The remaining debt on the 1998 wastewater treatment plant project will be paid off in 2013.
- The Sewer Capital Fund cash balance remained relatively unchanged.
- The Cable TV Fund cash balance increased from \$72,413 to \$87,464. This fund will be strained as we complete our major rebuild of the system. Future borrowing will be needed to complete project.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 31, 2008 to provide for additional disbursements in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's intergovernmental receipts and receipts for charges for services were under budget by \$415,373 and \$225,454, respectively. This was primarily due to timing of grants and anticipated loans that did not materialize until after year end.

The City's disbursements for public safety was under budget by \$117,351. This was due to the fact that payment for a fire truck was not made until after the fiscal year end. Business type activities was also under budget by \$433,287. This was under budget because utility projects did not proceed as expected.

## DEBT ADMINISTRATION

At June 30, 2008, the city had \$5,117,648 in long-term debt, compared to \$4,901,365 last year, as shown below.

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Outstanding Debt at Year-end		
	June 30,	
	2008	2007
General obligation notes	1,882,685	2,206,835
Revenue bonds	2,794,522	2,190,000
Other obligations	440,441	504,530
	-----	-----
Total	5,117,648	4,901,365
	=====	=====

Debt increased as a result of issuing revenue notes for improving and upgrading the City's telecommunications system. Total principal paid during the year was \$523,717.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,882,685 is significantly below its constitutional debt limit of \$4,963,185.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Numerous issues were taken into account when adopting the budget for fiscal year 2009. Total revenues anticipated are \$6,900,000, an increase from 2008 where total actual revenues were \$5,846,957. The city is still completing some major projects, but anticipates overall spending should decrease after 2009.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Loras Herrig, City Administrator, 106 N. Third Street, Bellevue IA 52031 or 563-872-4456.

**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
	Disbursements	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total	Component Unit
<b>Functions/Programs:</b>								
<b>Primary Government:</b>								
Governmental Activities:								
Public safety	\$ 406,646	\$ 6,497	\$ 37,868	\$ 46,857	\$ (315,424)	\$ ---	\$ (315,424)	\$ ---
Public works	419,147	---	201,331	---	(217,816)	---	(217,816)	---
Culture and recreation	240,738	35,541	30,776	---	(174,421)	---	(174,421)	---
Community and economic development	7,053	---	---	---	(7,053)	---	(7,053)	---
General government	327,948	13,520	---	---	(314,428)	---	(314,428)	---
Debt service	456,016	---	---	---	(456,016)	---	(456,016)	---
Capital projects	431,850	---	---	64,625	(367,225)	---	(367,225)	---
<b>Total Governmental Activities</b>	<b>\$ 2,289,398</b>	<b>\$ 55,558</b>	<b>\$ 269,975</b>	<b>\$ 111,482</b>	<b>\$ (1,852,383)</b>	<b>\$ ---</b>	<b>\$ (1,852,383)</b>	<b>\$ ---</b>
<b>Business Type Activities:</b>								
Water	\$ 240,204	\$ 284,616	---	\$ ---	\$ ---	\$ 44,412	\$ 44,412	\$ ---
Electric	1,403,294	1,723,474	---	---	---	320,180	320,180	---
Electric - capital equipment	41,865	---	---	---	---	(41,865)	(41,865)	---
Sewer rental	178,930	385,935	---	---	---	207,005	207,005	---
Sewer capital	203,855	---	---	---	---	(203,855)	(203,855)	---
Sanitation	238,750	264,653	---	---	---	25,903	25,903	---
Ambulance	64,089	118,783	7,200	41,100	---	102,994	102,994	---
Cable TV	1,266,505	517,806	---	---	---	(748,699)	(748,699)	---
Customer deposits	12,367	---	---	---	---	(12,367)	(12,367)	---
<b>Total Business Type Activities</b>	<b>\$ 3,649,859</b>	<b>\$ 3,295,267</b>	<b>\$ 7,200</b>	<b>\$ 41,100</b>	<b>\$ ---</b>	<b>\$ (306,292)</b>	<b>\$ (306,292)</b>	<b>\$ ---</b>
<b>Total Primary Government</b>	<b>\$ 5,939,257</b>	<b>\$ 3,350,825</b>	<b>\$ 277,175</b>	<b>\$ 152,582</b>	<b>\$ (1,852,383)</b>	<b>\$ (306,292)</b>	<b>\$ (2,158,675)</b>	<b>\$ ---</b>
<b>Component Unit:</b>								
BETA	\$ 40,200	---	---	\$ ---	---	---	\$ (40,200)	---

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

	Program Receipts				Primary Government			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets	
	Disbursements	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total		Component Unit
<b>General Receipts:</b>									
Property tax levied for:									
General purposes					\$ 540,751	\$ ---	\$ 540,751	\$ ---	
Tax increment financing					293,229	---	293,229	---	
Debt service					103,968	---	103,968	---	
Local option sales tax					169,377	---	169,377	---	
Other city tax					6,812	---	6,812	---	
Unrestricted interest on investments					17,715	51,134	68,849	9,551	
Interfund debt repayment					---	64,089	64,089	---	
Miscellaneous					49,054	30,246	79,300	30,632	
Proceeds of debt					---	740,000	740,000	---	
Transfers					241,095	(241,095)	---	---	
<b>Total General Receipts and Transfers</b>					<b>\$ 1,422,001</b>	<b>\$ 644,374</b>	<b>\$ 2,066,375</b>	<b>\$ 40,183</b>	
<b>Change in Cash Basis Net Assets</b>					<b>\$ (430,382)</b>	<b>\$ 338,082</b>	<b>\$ (92,300)</b>	<b>\$ (17)</b>	
<b>Cash Basis Net Assets Beginning of Year</b>					<b>414,252</b>	<b>1,147,449</b>	<b>1,561,701</b>	<b>118,610</b>	
<b>Cash Basis Net Assets End of Year</b>					<b>\$ (16,130)</b>	<b>\$ 1,485,531</b>	<b>\$ 1,469,401</b>	<b>\$ 118,593</b>	
<b>Cash Basis Net Assets:</b>									
Restricted:									
Streets					\$ 30,999	\$ ---	\$ 30,999	\$ ---	
Urban renewal purposes					---	---	---	---	
Debt service					26,868	---	26,868	---	
Other purposes					108,948	---	108,948	---	
Unrestricted					(182,945)	1,485,531	1,302,586	118,593	
<b>Total Cash Basis Net Assets</b>					<b>\$ (16,130)</b>	<b>\$ 1,485,531</b>	<b>\$ 1,469,401</b>	<b>\$ 118,593</b>	

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

	General	TIF District	Fire Department Gift Fund	Park Improvement	Other Nonmajor Governmental Funds	Total
<b>Receipts:</b>						
Property tax	\$ 374,778	\$ ---	\$ ---	\$ ---	\$ 269,941	\$ 644,719
Tax increment financing collections	---	293,229	---	---	---	293,229
Other city tax	84,688	---	---	---	84,689	169,377
Licenses and permits	13,420	---	---	---	---	13,420
Use of money and property	13,531	2,065	3,215	519	4,446	23,776
Intergovernmental	63,539	---	---	---	203,664	267,203
Charges for services	35,237	---	---	---	---	35,237
Miscellaneous	26,542	27,040	42,977	64,625	9,776	170,960
Total Receipts	\$ 611,735	\$ 322,334	\$ 46,192	\$ 65,144	\$ 572,516	\$ 1,617,921
<b>Disbursements:</b>						
Operating:						
Public safety	\$ 406,646	\$ ---	\$ ---	\$ ---	\$ ---	\$ 406,646
Public works	35,375	51,670	---	---	332,102	419,147
Culture and recreation	240,738	---	---	---	---	240,738
Community and economic development	7,053	---	---	---	---	7,053
General government	327,948	---	---	---	---	327,948
Capital Projects	---	---	---	431,850	---	431,850
Debt service:						
Principal	---	---	---	---	313,238	313,238
Interest and fiscal charges	---	---	---	---	81,277	81,277
Developer agreements	---	61,501	---	---	---	61,501
Total Disbursements	\$ 1,017,760	\$ 113,171	\$ ---	\$ 431,850	\$ 726,617	\$ 2,289,398
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (406,025)	\$ 209,163	\$ 46,192	\$ (366,706)	\$ (154,101)	\$ (671,477)

See notes to financial statements.



EXHIBIT "B" (Continued)

CITY OF BELLEVUE  
BELLEVUE, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

	General	TIF District	Fire Department Gift Fund	Park Improvement	Other Nonmajor Governmental Funds	Total
<b>Other Financing Sources (Uses):</b>						
Proceeds of debt	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Operating transfers in	509,203	---	---	---	291,647	800,850
Operating transfers out	(142,552)	(230,094)	---	---	(187,109)	(559,755)
Total Other Financing Sources (Uses)	\$ 366,651	\$ (230,094)	\$ ---	\$ ---	\$ 104,538	\$ 241,095
Net Change in Cash Balances	\$ (39,374)	\$ (20,931)	\$ 46,192	\$ (366,706)	\$ (49,563)	\$ (430,382)
Cash Balances Beginning of Year	206,190	21,467	62,220	16,945	107,430	414,252
Cash Balances End of Year	\$ 166,816	\$ 536	\$ 108,412	\$ (349,761)	\$ 57,867	\$ (16,130)
<b>Cash Basis Fund Balances:</b>						
Reserved for debt service	\$ ---	\$ ---	\$ ---	\$ ---	\$ 26,868	\$ 26,868
Unreserved:						
Designated for:						
Tennis courts	---	---	---	---	---	---
Police squad car	8,000	---	---	---	---	8,000
Other	---	---	---	---	---	---
General fund	158,816	---	---	---	---	158,816
Special revenue funds	---	536	108,412	---	30,999	139,947
Debt service fund	---	---	---	---	---	---
Capital projects fund	---	---	---	(349,761)	---	(349,761)
Total Cash Basis Fund Balances	\$ 166,816	\$ 536	\$ 108,412	\$ (349,761)	\$ 57,867	\$ (16,130)

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

	Enterprise Funds							Other Nonmajor Enterprise Funds		Total
	Water	Electric	Electric- Capital Equipment	Sewer Rental	Sewer Capital	Cable TV				
<b>Operating Receipts:</b>										
Use of money and property	\$ ---	\$ 3,278	\$ ---	\$ ---	\$ ---	\$ ---		\$ ---	\$ 3,278	
Charges for service	284,616	1,720,196	---	385,935	---	517,806		383,436	3,291,989	
Miscellaneous	245	3,932	---	6,152	---	3,250		16,667	30,246	
Total Operating Receipts	\$ 284,861	\$ 1,727,406	\$ ---	\$ 392,087	\$ ---	\$ 521,056		\$ 400,103	\$ 3,325,513	
<b>Operating Disbursements:</b>										
Business type activities	\$ 200,204	\$ 1,403,294	\$ 41,865	\$ 178,930	\$ ---	\$ 1,162,446		\$ 315,206	\$ 3,301,945	
Excess(Deficiency) of Operating Receipts Over (Under) Operating Disbursements	\$ 84,657	\$ 324,112	\$ (41,865)	\$ 213,157	\$ ---	\$ (641,390)		\$ 84,897	\$ 23,568	
<b>Non-Operating Receipts (Disbursements):</b>										
Intergovernmental	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---		\$ 7,200	\$ 7,200	
Interest on investments	13,943	18,679	5,452	4,213	2,465	1,010		5,372	51,134	
Contributions	---	---	---	---	---	---		41,100	41,100	
Interfund debt repayments	---	---	64,089	---	---	---		---	64,089	
Debt service:										
Principal	(40,000)	---	---	---	(150,000)	(20,479)		---	(210,479)	
Interest and fiscal charges	---	---	---	---	(53,855)	(83,580)		---	(137,435)	
Total Non-Operating Receipts (Disbursements)	\$ (26,057)	\$ 18,679	\$ 69,541	\$ 4,213	\$ (201,390)	\$ (103,049)		\$ 53,672	\$ (184,391)	

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

	Enterprise Funds							Other Nonmajor	
	Water	Electric	Electric- Capital Equipment	Sewer Rental	Sewer Capital	Cable TV	Enterprise Funds	Total	
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ 58,600	\$ 342,791	\$ 27,676	\$ 217,370	\$ (201,390)	\$ (744,439)	\$ 138,569	\$ (160,823)	
<b>Other Financing Sources (Uses):</b>									
Proceeds of debt	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 740,000	\$ ---	\$ 740,000	
Operating transfers in	---	---	---	---	203,055	100,000	---	303,055	
Operating transfers out	(25,276)	(172,872)	---	(228,331)	---	(80,510)	(37,161)	(544,150)	
Total Other Financing Sources (Uses)	\$ (25,276)	\$ (172,872)	\$ ---	\$ (228,331)	\$ 203,055	\$ 759,490	\$ (37,161)	\$ 498,905	
Net Change in Cash Balances	\$ 33,324	\$ 169,919	\$ 27,676	\$ (10,961)	\$ 1,665	\$ 15,051	\$ 101,408	\$ 338,082	
Cash Balances Beginning of Year	291,587	406,825	118,133	134,806	4,495	72,413	119,190	1,147,449	
Cash Balances End of Year	\$ 324,911	\$ 576,744	\$ 145,809	\$ 123,845	\$ 6,160	\$ 87,464	\$ 220,598	\$ 1,485,531	
<b>Cash Basis Fund Balances:</b>									
Unreserved Cash Basis Fund Balances	\$ 324,911	\$ 576,744	\$ 145,809	\$ 123,845	\$ 6,160	\$ 87,464	\$ 220,598	\$ 1,485,531	

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 - Summary of Significant Accounting Policies:**

The City of Bellevue is a political subdivision of the State of Iowa located in Jackson County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides, water, sewer, electric, sanitation, and cable T.V. utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Bellevue, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bellevue (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

**Discretely Presented Component Unit**

The Bellevue Economic and Tourism Association (BETA) is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. BETA is governed by a five-member board, two of which are appointed by the City Council. See Note 13 for additional information regarding BETA.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jackson County Assessor's Conference Board, Jackson County Joint E911 Service Board, Bellevue Economic Tourism Association, and East Central Intergovernmental Association.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 - Summary of Significant Accounting Principles: (Continued)**

**B. Basis of Presentation (Continued)**

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds in their respective financial statements.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The TIF District Fund is used to account for urban renewal projects financed by tax increment financing.

Special Revenue: The Fire Department Gift Fund is used to account for donations restricted for use for the Fire Department.

Capital Projects: The Park Improvement Fund is used to account for all resources used in making improvements to the park.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Electric Fund accounts for the operation and maintenance of the City's electric system.

The Electric Capital Equipment Fund is used to account for capital improvements relating to the City's enterprise funds.

The Sewer Rental Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 - Summary of Significant Accounting Principles: (Continued)**

**B. Basis of Presentation (Continued)**

The Sewer Capital Fund accounts for the payment of principal and interest on the sewer improvement notes.

The Cable TV Fund is used to account for the operation and maintenance of the City's cable television system.

**C. Measurement Focus and Basis of Accounting**

The City of Bellevue maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the city's policy to first apply cost-reimbursement grant resource to such programs followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the public works function.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 2 - Cash and Pooled Investments:**

The City's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

**Note 3 - Notes Payable:**

Annual debt service requirements to maturity for general obligation notes, revenue notes, and tax increment financing notes are as follows:

Year Ending June 30	General Obligation Notes		Revenue Notes	
	Principal	Interest	Principal	Interest
2009	\$ 327,155	\$ 77,436	\$ 209,492	\$ 146,438
2010	276,163	64,522	219,568	135,842
2011	251,163	53,315	229,932	124,603
2012	203,204	42,689	245,600	112,759
2013	195,000	34,878	256,590	100,049
2014-2018	630,000	54,630	815,392	331,282
2019-2023	---	---	817,948	113,993
	<u>\$ 1,882,685</u>	<u>\$ 327,470</u>	<u>\$ 2,794,522</u>	<u>\$ 1,064,966</u>



**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 3 - Notes Payable: (Continued)**

Year Ending June 30	Other Obligations		Total	
	Principal	Interest	Principal	Interest
2009	\$ 64,089	\$ ---	\$ 600,736	\$ 223,874
2010	64,089	---	559,820	200,364
2011	64,089	---	545,184	177,918
2012	64,089	---	512,893	155,448
2013	64,085	---	515,675	134,927
2014-2018	120,000	---	1,565,392	385,912
2019-2023	---	---	817,948	113,993
	<u>\$ 440,441</u>	<u>\$ ---</u>	<u>\$ 5,117,648</u>	<u>\$ 1,392,436</u>

Following is a summary of the terms and conditions of the notes outstanding as of June 30, 2008.

*Revenue Notes:*

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,700,000 in sewer revenue notes issued on February 1, 1999. Proceeds from the notes provided financing for constructing improvements and extensions to the Municipal Sanitary Sewer System of the City. The notes are payable solely from sewer customer net receipts and are payable through 2014. Annual principal and interest payments on the notes are expected to require less than 75 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$959,700. For the current year, principal and interest paid and total customer net receipts were \$159,320 and \$213,157, respectively.

The City has pledged future cable TV customer receipts, net of specified operating disbursements, to repay \$2,000,000 in telecommunications utility revenue notes issued March 7, 2008. Proceeds from the notes provided financing for improving and upgrading the City's telecommunications system. The notes are payable solely from cable TV customer net receipts and are payable through 2023. Annual principal and interest payments on the notes are expected to require less than 100 percent of the receipts. Total principal and interest remaining to be paid on the notes is \$2,899,788. For the current year, principal and interest paid and total customer net receipts were \$104,057 and \$(641,390), respectively.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 3 - Notes Payable: (Continued)**

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account within the Enterprise Fund for the purpose of making the note principal and interest payments when due.

*General Obligation Notes:*

On May 10, 1999, the City entered into a loan agreement with Bellevue State Bank and provided for issuance of \$200,000 in General Obligation Corporate Purpose Notes.

On January 1, 2000, the City entered into a loan agreement with Bankers Trust and provided for issuance of \$400,000 in General Obligation Sewer Improvement Notes.

On July 23, 2001, the City entered into a loan agreement with Maquoketa Valley Electric Cooperative and provided for issuance of \$102,467 in General Obligation Corporate Purpose Notes.

On December 29, 2003, the City entered into a loan agreement with Bellevue State Bank and provided for issuance of \$200,000 in General Obligation Community/Senior Center Notes.

On August 15, 2005, the City entered into a loan agreement with Bellevue State Bank and provided for issuance of \$200,000 in General Obligation Street Improvement Notes.

On August 1, 2006, the City entered into a loan agreement with Iowa Bank and provided for the issuance of \$79,580 in General Obligation Street Equipment Notes.

On September 1, 2006, the City entered into a loan agreement with Bankers Trust and provided for issuance of \$1,850,000 in General Obligation Corporate Purpose Notes.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 3 - Notes Payable: (Continued)**

*Other Obligations:*

On February 1, 2004, the City of Bellevue entered into an agreement to repay the Electric Capital Improvement Fund \$240,886 expended for municipal water and sewer improvements for an area annexed on the northerly city limits of Bellevue. This amount will be repaid in annual installments of \$24,089 with the final payment due June 1, 2014.

On June 30, 2004, the City of Bellevue entered into an agreement to repay the Electric Capital Improvement Fund \$400,000 expended for municipal wells. This amount will be repaid in annual installments of \$40,000 with the final payment due December 1, 2015.

**Note 4 - Pension and Retirement Benefits:**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$62,529, \$58,899, and \$54,224, respectively, equal to the required contributions for each year.

**Note 5 - Development Agreements:**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate the incremental tax paid by the developer in exchange for the construction of buildings, housing, and certain infrastructure by the developers. The obligations under several of the agreements are not subject to annual appropriation by the City Council; however, the amount of the City's obligation cannot be determined.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 5 - Development Agreements: (Continued)**

These agreements require the City to rebate all of the incremental tax for a period not to exceed 10 years with no predetermined maximum amount to be paid. The City has rebated a total of \$294,812 of incremental tax under these agreements. Of this amount, \$60,258 was paid during the current year. The obligation under the other agreement is subject to annual appropriation by the City Council. The total to be paid by the City under this agreement is not to exceed \$28,808. Payments of \$3,522 had been paid on this agreement at June 30, 2008.

These agreements are not a general obligation of the City. However, the amount payable in the succeeding year is subject to the constitutional debt limitation of the City.

**Note 6 - 28 E Agreements:**

**Communications Services -**

On May 23, 1983, the City entered into a 28E Agreement with the City of Maquoketa. The agreement is for the purpose of providing the City of Bellevue with communication services for law enforcement and community protection purposes.

**Community Protection Services -**

On May 27, 1986, the City entered into a 28E Agreement with the Cities of Maquoketa, Preston, and Sabula. The agreement is for the purpose of providing more efficient law enforcement protection.

On April 24, 1990, the City entered into a 28E Agreement with Jackson County. The agreement is for the purpose of providing more efficient law enforcement protection.

On April 28, 1999, the City entered into a 28E Agreement with the Bellevue Rural Fire Agency of Jackson County. The agreement is for the purpose of providing more efficient fire protection.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 6 - 28 E Agreements: (Continued)**

Landfill Operation -

In 1971 the City entered into a 28E Agreement with other Jackson County communities. The agreement is for the purpose of providing more efficient landfill operations.

Contract Law Enforcement -

In 2008, the City renewed its 28E Agreement with the Corp. of Engineers to provide increased law enforcement services during the period of May 10 - September 12, 2008 for the Pleasant Creek Recreation Area, Mississippi River Project.

**Note 7 - 28 D Agreement:**

Drug Task Force -

In 1997, the City entered into a 28D Agreement with various Jackson County and Jones County law enforcement agencies. The purpose of the agreement is to recognize the guidelines, terms and conditions set forth in the Iowa Code Chapter 28D relating to the interchange of federal, state, and local government employees in regards to the above 28E Drug Task Force Agreement.

**Note 8 - Compensated Absences:**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave and personal leave accumulates but is not payable upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation leave termination payments payable to employees at June 30, 2008, primarily relating to the General and Utility Funds, is as follows:

Type of Benefit	Amount
-----	-----
Vacation	\$ 74,567
	=====

The liability has been computed based on rates of pay as of June 30, 2008.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 9 - Interfund Transfers:**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to -----	Transfer from -----	Amount -----
General	Special Revenue:	
	Employee Benefits	\$ 168,108
	Enterprise:	
	Water	25,276
	Electric	172,872
	Sewer Rental	25,276
	Sanitation	27,959
	Ambulance	9,202
	Cable TV	80,510
		-----
		\$ 509,203
		-----
Debt Service	General	\$ 42,552
	Special Revenue:	
	TIF - District	230,094
	LOT - Street Improvement	19,001
		-----
		\$ 291,647
		-----
Enterprise:	Enterprise:	
Sewer Capital	Sewer Rental	\$ 203,055
Cable TV	General	100,000
		-----
Total		\$1,103,905
		=====

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move "in lieu of tax" payments from the enterprise funds, and (4) provide capital contributions.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 10 - Risk Management:**

The City of Bellevue is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2008 were \$98,429.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 10 - Risk Management: (Continued)**

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**Note 11 – Commitments/Construction in Progress:**

In fiscal year 2008, the City entered into a contract totaling \$354,720 for a sidewalk project. Change orders increased the contracts by \$12,342. At June 30, 2008, payments of \$274,462 had been made on the contract.

In fiscal year 2008, the City also entered into a contract totaling \$166,800 for a utility relocation project. At June 30, 2008 payments of \$59,117 had been made on the contract.

The city had a commitment to buy two heart monitors for \$44,062 at the end of fiscal year 2008. The purchase order was made in June of 2008 and the heart monitors were received and paid for in July of 2008.

**Note 12 - Deficit Fund Balance:**

The Special Revenue, Road Use Tax Fund had a deficit balance of \$22,415 at June 30, 2008. The deficit balance is a result of costs incurred prior to receipt of road use taxes. The Park Improvement Fund had a deficit balance of \$349,761 at June 30, 2008. The deficit balance was a result of project costs incurred prior to the availability of funds. The deficit will be eliminated upon receipt of grants and loans.



**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 13 - Component Unit:**

The Bellevue Economic and Tourism Association (BETA) is a component unit of the City of Bellevue. Following is a summary of the terms and conditions of BETA's loans:

Loans to various community businesses:

	Balance Beginning of Year	New Loans	Payments Received	Balance End of Year
John Herrig	\$ 70,000	\$ ---	\$ 10,000	\$ 60,000
Whathelps, Inc.	59,506	---	10,306	49,200
Potter's Mill	10,326	---	10,326	---
	<u>\$ 139,832</u>	<u>\$ ---</u>	<u>\$ 30,632</u>	<u>\$ 109,200</u>

John Herrig - dated December 1, 2004, interest and principal in the amount of \$5,000 plus 3% is due semi-annually beginning June 1, 2005, until December 1, 2009, when the interest rate and payment amount will be adjusted, secured by a real estate mortgage. Final payment is due December 1, 2014.

\$ 60,000

Whathelps, Inc. - dated July 1, 2005, interest at 3.00%, principal and interest payments in the amount of \$996 are due monthly beginning August 1, 2005 until July 1, 2012, secured by personal guarantees. Accrued interest of \$9,403 was added to the balance of the loan when it was refinanced July 1, 2005.

\$ 49,200

**Note 14 - Related Party Transactions:**

The City had business transactions between the City and City officials totaling \$1,435 during the year ended June 30, 2008.

**Note 15 - Subsequent Events:**

In August 2008, the City issued \$400,000 of general obligation notes for constructing street, storm sewer, and curb and gutter improvements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 15 - Subsequent Events: (Continued)**

In November 2008, the City approved a contract for \$192,130 for the Motte Street Project to resurface Motte, Mulberry, Washington, and Stone Streets with asphalt material.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2008**

	Governmental Funds Actual	Proprietary Funds Actual	Net	Budgeted Amounts		Final to Net Variance
				Original	Final	
<b>Receipts:</b>						
Property tax	\$ 644,719	\$ ---	\$ 644,719	\$ 632,723	\$ 632,723	\$ 11,996
Tax increment financing collections	293,229	---	293,229	288,369	288,369	4,860
Other city tax	169,377	---	169,377	185,470	185,470	(16,093)
Licenses and permits	13,420	---	13,420	12,500	13,000	420
Use of money and property	23,776	54,412	78,188	71,800	89,800	(11,612)
Intergovernmental	267,203	7,200	274,403	249,857	499,857	(225,454)
Charges for service	35,237	3,291,989	3,327,226	3,392,599	3,742,599	(415,373)
Miscellaneous	170,960	135,435	306,395	60,750	90,750	215,645
Total Receipts	\$ 1,617,921	\$ 3,489,036	\$ 5,106,957	\$ 4,894,068	\$ 5,542,568	\$ (435,611)
<b>Disbursements:</b>						
Public safety	\$ 406,646	\$ ---	\$ 406,646	\$ 504,491	\$ 523,997	\$ 117,351
Public works	419,147	---	419,147	318,092	417,634	(1,513)
Culture and recreation	240,738	---	240,738	279,107	354,775	114,037
Community and economic development	7,053	---	7,053	21,760	21,760	14,707
General government	327,948	---	327,948	304,262	354,044	26,096
Debt service	456,016	---	456,016	429,056	607,292	151,276
Capital projects	431,850	---	431,850	---	431,850	---
Business type activities	---	3,649,859	3,649,859	3,656,206	4,083,144	433,285
Total Disbursements	\$ 2,289,398	\$ 3,649,859	\$ 5,939,257	\$ 5,512,974	\$ 6,794,496	\$ 855,239

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS)-  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2008**

	Governmental Funds Actual	Proprietary Funds Actual	Net	Budgeted Amounts Original	Final	Final to Net Variance
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (671,477)	\$ (160,823)	\$ (832,300)	\$ (618,906)	\$(1,251,928)	\$ 419,628
Other Financing Sources (Uses), Net	241,095	498,905	740,000	500,000	900,000	(160,000)
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under)	\$ (430,382)	\$ 338,082	\$ (92,300)	\$ (118,906)	\$ (351,928)	\$ 259,628
Balances Beginning of Year	414,252	1,147,449	1,561,701	1,191,912	1,562,012	(311)
Balances End of Year	\$ (16,130)	\$ 1,485,531	\$ 1,469,401	\$ 1,073,006	\$ 1,210,084	\$ 259,317

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY REPORTING**

**JUNE 30, 2008**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$1,281,522. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the public works function.

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue				
	Road Use Tax	Employee Benefits	LOT - Street Improvement	Debt Service	Total
<b>Receipts:</b>					
Property tax	\$ ---	\$ 165,973	\$ ---	\$ 103,968	\$ 269,941
Other city tax	---	---	84,689	---	84,689
Use of money and property	---	2,135	2,204	107	4,446
Intergovernmental	201,331	---	---	2,333	203,664
Miscellaneous	---	---	9,776	---	9,776
<b>Total Receipts</b>	<b>\$ 201,331</b>	<b>\$ 168,108</b>	<b>\$ 96,669</b>	<b>\$ 106,408</b>	<b>\$ 572,516</b>
<b>Disbursements:</b>					
Operating:					
Public safety	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Public works	215,656	---	116,446	---	332,102
Debt Service:					
Principal	---	---	---	313,238	313,238
Interest and fiscal charges	---	---	---	81,277	81,277
<b>Total Disbursements</b>	<b>\$ 215,656</b>	<b>\$ ---</b>	<b>\$ 116,446</b>	<b>\$ 394,515</b>	<b>\$ 726,617</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (14,325)	\$ 168,108	\$ (19,777)	\$ (288,107)	\$ (154,101)
<b>Other Financing Sources (Uses):</b>					
Transfers in	\$ ---	\$ ---	\$ ---	\$ 291,647	\$ 291,647
Transfers out	---	(168,108)	(19,001)	---	(187,109)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ ---</b>	<b>\$ (168,108)</b>	<b>\$ (19,001)</b>	<b>\$ 291,647</b>	<b>\$ 104,538</b>
<b>Net Change in Cash Balances</b>	<b>\$ (14,325)</b>	<b>\$ ---</b>	<b>\$ (38,778)</b>	<b>\$ 3,540</b>	<b>\$ (49,563)</b>
Cash Balances Beginning of Year	(8,090)	---	92,192	23,328	107,430
Cash Balances End of Year	<u>\$ (22,415)</u>	<u>\$ ---</u>	<u>\$ 53,414</u>	<u>\$ 26,868</u>	<u>\$ 57,867</u>
<b>Cash Basis Fund Balances:</b>					
Reserved for debt service	\$ ---	\$ ---	\$ ---	\$ 26,868	\$ 26,868
Unreserved:					
Special revenue funds	(22,415)	---	53,414	---	30,999
<b>Total Cash Basis Fund Balances</b>	<b>\$ (22,415)</b>	<b>\$ ---</b>	<b>\$ 53,414</b>	<b>\$ 26,868</b>	<b>\$ 57,867</b>

See accompanying independent auditor's report.



**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BALANCES – NONMAJOR PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

	Sanitation	Ambulance	Ambulance Gift Fund	Customer Deposits	Total
	-----	-----	-----	-----	-----
<b>Operating Receipts:</b>					
Charges for service	\$ 264,653	\$ 118,783	\$ ---	\$ ---	\$ 383,436
Miscellaneous	1,144	3,209	---	12,314	16,667
	-----	-----	-----	-----	-----
Total Operating Receipts	\$ 265,797	\$ 121,992	\$ ---	\$ 12,314	\$ 400,103
	-----	-----	-----	-----	-----
<b>Operating Disbursements:</b>					
Business type activities	\$ 238,750	\$ 64,089	\$ ---	\$ 12,367	\$ 315,206
	-----	-----	-----	-----	-----
Excess (Deficiency) of Operating Receipts Over (Under)					
Operating Disbursements	\$ 27,047	\$ 57,903	\$ ---	\$ (53)	\$ 84,897
	-----	-----	-----	-----	-----
<b>Non-Operating Receipts (Disbursements):</b>					
Intergovernmental	\$ ---	\$ 7,200	\$ ---	\$ ---	\$ 7,200
Interest on investments	180	2,048	2,220	924	5,372
Contributions	---	---	41,100	---	41,100
	-----	-----	-----	-----	-----
Total Non-Operating Receipts (Disbursements)	\$ 180	\$ 9,248	\$ 43,320	\$ 924	\$ 53,672
	-----	-----	-----	-----	-----
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ 27,227	\$ 67,151	\$ 43,320	\$ 871	\$ 138,569
	-----	-----	-----	-----	-----
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(27,959)	(9,202)	---	---	(37,161)
	-----	-----	-----	-----	-----
Net Change in Cash Balances	\$ (732)	\$ 57,949	\$ 43,320	\$ 871	\$ 101,408
	-----	-----	-----	-----	-----
Cash Balances Beginning of Year	20,150	36,160	36,668	26,212	119,190
	-----	-----	-----	-----	-----
Cash Balances End of Year	\$ 19,418	\$ 94,109	\$ 79,988	\$ 27,083	\$ 220,598
	=====	=====	=====	=====	=====
<b>Cash Basis Fund Balances:</b>					
Unreserved Cash Basis Fund Balances	\$ 19,418	\$ 94,109	\$ 79,988	\$ 27,083	\$ 220,598
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2008**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Notes:									
Sewer Improvement Note: Bankers Trust	January 1, 2000	4.70%-5.60%	\$ 400,000	\$ 160,000	\$ ---	\$ 35,000	\$ 125,000	\$ 8,735	\$ ---
Fire Truck Note: Bellevue State Bank	May 10, 1999	4.15%	200,000	46,937	---	22,987	23,950	1,712	---
Fire Station Note: Maquoketa Valley Electric Cooperative	July 23, 2001	---	102,467	51,234	---	10,247	40,987	---	---
Community/Senior Center Note:	December 29, 2003	3.19%	200,000	80,000	---	40,000	40,000	2,552	---
Street Improvement Note: Bellevue State Bank	August 15, 2005	3.49%	200,000	120,000	---	40,000	80,000	4,188	---
Equipment Note: Iowa Bank	August 1, 2006	4.50%	79,580	63,664	---	15,916	47,748	2,732	---
Street/Water/Sewer Improvements Note: Bankers Trust	September 1, 2006	3.90%-4.30%	1,850,000	1,685,000	---	160,000	1,525,000	69,694	---
Total General Obligation				\$ 2,206,835	\$ ---	\$ 324,150	\$ 1,882,685	\$ 89,613	\$ ---

CITY OF BELLEVUE  
BELLEVUE, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
Revenue Notes:									
Sewer Note:									
Bankers Trust	February 1, 1999	4.10%-5.00%	1,700,000	\$ 930,000	\$ ---	\$ 115,000	\$ 815,000	\$ 44,320	\$ ---
Cable TV Notes:									
Bellevue State Bank	March 7, 2008	5.53%	1,000,000	630,000	370,000	10,252	989,748	41,777	---
Iowa Bank	March 7, 2008	5.53%	1,000,000	630,000	370,000	10,226	989,774	41,802	---
Total Revenue Notes				\$ 2,190,000	\$ 740,000	\$ 135,478	\$ 2,794,522	\$ 127,899	\$ ---
Other Obligations:									
General Fund - Interfund Loan	February 1, 2004	---	240,886	\$ 144,530	\$ ---	\$ 24,089	\$ 120,441	\$ ---	\$ ---
Water Fund - Interfund Loan	June 30, 2004	---	400,000	360,000	---	40,000	320,000	---	---
Total Other Obligations				\$ 504,530	\$ ---	\$ 64,089	\$ 440,441	\$ ---	\$ ---

**CITY OF BELLEVUE  
BELLEVUE, IOWA  
BOND AND NOTE MATURITIES  
JUNE 30, 2008**

**General Obligation Notes**

Year Ending June 30	Fire Truck		Sewer Improvement		Fire Station		Community/Senior Center		Street Improvement	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
	Issued May 10, 1999		Issued January 1, 2000		Issued July 23, 2001		Issued December 29, 2003		Issued August 15, 2005	
2009	4.15%	\$ 23,950	5.40%	\$ 40,000	.00%	\$ 10,247	3.19%	\$ 40,000	3.49%	\$ 40,000
2010	---	---	5.50%	40,000	.00%	10,247	---	---	3.49%	40,000
2011	---	---	5.60%	45,000	.00%	10,247	---	---	---	---
2012	---	---	---	---	.00%	10,246	---	---	---	---
2013	---	---	---	---	---	---	---	---	---	---
2014	---	---	---	---	---	---	---	---	---	---
2015	---	---	---	---	---	---	---	---	---	---
2016	---	---	---	---	---	---	---	---	---	---
Total		\$ 23,950		\$ 125,000		\$ 40,987		\$ 40,000		\$ 80,000

CITY OF BELLEVUE  
BELLEVUE, IOWA

BOND AND NOTE MATURITIES  
JUNE 30, 2008

General Obligation Notes

Year Ending June 30	Equipment		Street, Water, Sewer		Total
	Issued August 1, 2006		Issued September 1, 2006		
	Interest Rates	Amount	Interest Rates	Amount	
2009	4.50%	\$ 7,958	4.000%	\$ 165,000	\$ 327,155
2010	4.50%	15,916	4.050%	170,000	276,163
2011	4.50%	15,916	4.100%	180,000	251,163
2012	4.50%	7,958	4.125%	185,000	203,204
2013	---	---	4.150%	195,000	195,000
2014	---	---	4.200%	200,000	200,000
2015	---	---	4.250%	210,000	210,000
2016	---	---	4.300%	220,000	220,000
Total		\$ 47,748		\$ 1,525,000	\$ 1,882,685

CITY OF BELLEVUE  
BELLEVUE, IOWA

BOND AND NOTE MATURITIES  
JUNE 30, 2008

Year Ending June 30	Revenue Notes				Other Obligations				
	Sewer		Cable TV		Water/Sewer Improvements		Water		
	Issued February 1, 1999		Issued March 7, 2008		Issued February 1, 2004		Issued June 30, 2004		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2009	4.60%	\$ 120,000	5.53%	\$ 44,746	5.53%	\$ 209,492	---	\$ 40,000	\$ 64,089
2010	4.70%	125,000	5.53%	47,284	5.53%	219,568	---	40,000	64,089
2011	4.75%	130,000	5.53%	49,966	5.53%	229,932	---	40,000	64,089
2012	4.80%	140,000	5.53%	52,800	5.53%	245,600	---	40,000	64,089
2013	4.90%	145,000	5.53%	55,795	5.53%	256,590	---	40,000	64,085
2014	5.00%	155,000	5.53%	58,960	5.53%	272,920	---	40,000	40,000
2015			5.53%	62,304	5.53%	124,608	---	40,000	40,000
2016			5.53%	65,839	5.53%	131,678	---	40,000	40,000
2017			5.53%	69,573	5.53%	139,146	---	40,000	40,000
2018			5.53%	73,520	5.53%	147,040	---	40,000	40,000
2019			5.53%	77,690	5.53%	155,380	---	40,000	40,000
2020			5.53%	82,097	5.53%	164,194	---	40,000	40,000
2021			5.53%	86,753	5.53%	173,506	---	40,000	40,000
2022			5.53%	91,674	5.53%	183,348	---	40,000	40,000
2023			5.53%	70,773	5.53%	141,520	---	40,000	40,000
Total		\$ 815,000		\$ 989,748		\$2,794,522		\$ 120,441	\$440,441

See accompanying independent auditor's report.

**SCHEDULE "5"**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST SIX YEARS**

	2008	2007	2006	2005	2004	2003
<b>Receipts:</b>						
Property tax	\$ 644,719	\$ 642,154	\$ 546,571	\$ 498,867	\$ 487,876	\$ 543,041
Tax increment financing collections	293,229	51,096	76,502	66,993	67,051	37,085
Other city tax	169,377	168,422	144,020	141,572	164,223	173,660
Licenses and permits	13,420	13,421	11,327	9,760	4,803	4,780
Use of money and property	23,776	48,022	36,768	19,623	66,214	17,434
Intergovernmental	267,203	256,036	300,198	430,717	262,901	331,270
Charges for services	35,237	35,284	37,140	27,336	23,310	24,672
Miscellaneous	130,960	62,297	91,906	95,226	147,064	47,042
Total	\$ 1,577,921	\$ 1,276,732	\$ 1,244,432	\$ 1,290,094	\$ 1,223,442	\$ 1,178,984
<b>Disbursements:</b>						
Operating:						
Public safety	\$ 406,646	\$ 401,721	\$ 383,556	\$ 358,504	\$ 374,221	\$ 354,078
Public works	419,147	2,048,764	576,783	336,235	292,279	211,154
Culture and recreation	240,738	274,190	273,144	373,284	552,543	253,251
Community and economic development	7,053	6,987	10,055	12,630	9,259	18,112
General government	327,948	358,703	397,234	259,011	259,108	277,566
Debt service	456,016	440,669	200,076	182,654	199,858	237,793
Capital projects	431,850	---	---	---	50,520	---
Total	\$ 2,289,398	\$ 3,531,034	\$ 1,840,848	\$ 1,522,318	\$ 1,737,788	\$ 1,351,954

See accompanying independent auditor's report.

# **O'CONNOR, BROOKS & CO., P.C.**

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated May 26, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report included a disclaimer of opinion on the required supplementary information including Management's Discussion and Analysis.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Bellevue's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Bellevue's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bellevue's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to

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prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bellevue's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Bellevue's financial statements that is more than inconsequential will not be prevented or detected by the City of Bellevue's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Bellevue's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-08, I-B-08, I-C-08 and I-D-08 are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bellevue's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Bellevue's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Bellevue's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bellevue and other parties to whom the City of Bellevue may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bellevue during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

*O'Connor, Brooks & Co., P.C.*

Dubuque, Iowa

May 26, 2009

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008**

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**MATERIAL WEAKNESSES**

I-A-08 Segregation of Duties - One important aspect of the internal control over financial reporting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the individual who reconciles the City's checking account is also authorized to sign checks.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain maximum internal control possible under the circumstances. We recommend that the bank statements be delivered directly to the City Administrator for review before being given to the individual responsible for the account reconciliations.

Response - We will investigate this.

Conclusion - Response accepted.

I-B-08 Vendors - The City Clerk is able to add new vendors to the City's records without prior approval of the City Council.

Recommendation - The City should require pre-approval of the City Council for all additions to the City's vendor listing, where possible. If pre-approval of the City Council is not possible, the City Administrator should verify the propriety of the vendor. On a monthly basis, any new vendors that have been added to the City's records should be approved by the City Council.

Response - We will investigate ways to implement this change.

Conclusion - Response accepted.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008**

**Part I: Findings Related to the Financial Statements: (Continued)**

I-C-08 Adjusting Journal Entries - Several adjusting entries were proposed to management to represent a fair presentation of the financial statements. The most significant adjustment was reclassifying debt service payments.

Recommendation - We recommend the City implement procedures to reasonably assure that account balances are fairly stated.

Response - We will consider this.

Conclusion - Response accepted.

I-D-08 State Tobacco Funds - Money received from the State Tobacco Fund by the Police Department was not deposited with the City Clerk.

Recommendation - One aspect of city finance is to assure that all funds of the City are properly accounted for. We recommend in the future that all money received is deposited with the City Clerk.

Response - In the future we will record these types of receipts with the City Clerk.

Conclusion - Response accepted.

**Part II: Other Findings Related to Statutory Reporting:**

II-A-08 Certified Budget - Disbursements during the year ended June 30, 2008, exceeded the amount budgeted in the public works function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-08 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

II-D-08 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Marie Zeimet, Administrative Staff, Owner of Zeimet's Garage, Inc.	Repairs & Maintenance	\$ 355
Rick Heiar, Equipment Operation	Equipment Rental	\$ 1,080

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the employees do not appear to represent conflicts of interest since the transactions with each individual were less than \$1,500 during the fiscal year.

II-E-08 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-08 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but weren't.

II-G-08 Revenue Notes - The provisions of the revenue notes appear to have been met.

II-H-8 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

II-I-08 Telecommunication Services - Internet fees were not established by the City ordinance which is required by Chapter 388.10 of the Code of Iowa.

Recommendation - The City should pass an ordinance that establishes rates for internet fees.

Response - We have passed an ordinance subsequent to year end setting rates for internet fees.

Conclusion - Response accepted.

II-J-08 Financial Condition - The Road Use Tax Fund and the Park Improvement Fund had deficit balances at June 30, 2008, in the amount of \$22,415 and \$349,761, respectively.

Recommendation - The City should investigate alternatives to eliminate the deficits in these funds in order to return the funds to a sound financial position.

Response - The deficit in the Road Use Tax Fund will be eliminated by means of reduced expenses via budget cuts. The Park Improvement Fund will be receiving grant and loan funds to cover its costs and eliminate the deficit balance.

Conclusion - Response accepted.

II-K-08 Payment of General Obligation Notes - Certain general obligation notes were paid from the TIF District Fund. Chapter 384.4 of the Code of Iowa states, in part "Moneys pledged or available to service general obligation bonds, and received from sources other than property tax must be deposited in the Debt service fund.

Recommendation - The City should transfer from the TIF District Fund to the Debt Service Fund for future funding contributions. Payments for the notes should then be disbursed from the Debt Service Fund.

Response - We will transfer in the future as recommended.

Conclusion - Response accepted.